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May 20, 1996

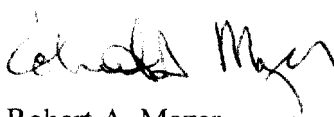
Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: The Lincoln Telephone and Telegraph Company
CC Docket No. 96-98

Dear Mr. Caton:

On behalf of the Lincoln Telephone and Telegraph Company ("Lincoln"), enclosed for filing you will find an original and sixteen copies of Lincoln's comments on dialing parity in response to the Commission's Notice of Proposed Rulemaking in the above-referenced proceeding. Date-stamped acknowledgment of this filing is requested. Any questions concerning these comments should be directed to the undersigned.

Sincerely,



Robert A. Mazer
Albert Shuldiner

Counsel for the Lincoln
Telephone and Telegraph Company

cc: Ms. Janice Myles (1 paper copy and 1 diskette)
ITS (1 paper copy)

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Before the
FEDERAL COMMUNICATIONS COMMISSION MAY 20 1996
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSIC.
OFFICE OF SECRETARY

In the Matter of)

Implementation of the Local Competition)
Provisions in the Telecommunications Act)
of 1996)

CC Docket No. 96-98

**COMMENTS ON DIALING PARITY
OF
THE LINCOLN TELEPHONE AND TELEGRAPH COMPANY**

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Counsel for the Lincoln Telephone
and Telegraph Company

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**COMMENTS ON DIALING PARITY
OF
THE LINCOLN TELEPHONE AND TELEGRAPH COMPANY**

The Lincoln Telephone and Telegraph Company ("Lincoln"), by its attorneys, hereby submits these comments concerning dialing parity in response to the Commission's Notice of Proposed Rulemaking in the above-referenced proceeding.^{1/} Lincoln submitted comments on May 16, 1996 in response to other issues raised in the Notice. Pursuant to the Commission's instructions, these comments on the dialing parity issues raised in the Notice are being filed separately.

Lincoln opens these comments by respectfully stating that Lincoln agrees only in part with the tentative conclusion stated in the NPRM which presumes that Section 251(b)(3) of the Telecommunications Act^{2/} "creates a duty to provide dialing parity with

^{1/} *Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, CC Docket No. 96-98, Notice of Proposed Rulemaking (released April 19, 1996) ("NPRM" or "Notice").

^{2/} Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 ("1996 Act").

respect to all telecommunications services."^{3/} This particular conclusion does not pose problems for Lincoln; nonetheless, Lincoln is concerned that the Commission appears prepared to define dialing parity for IntraLATA toll calling as 1+ equal access. We do not feel that the initial conclusion, and the subsequent definition of dialing parity, necessarily go hand-in-hand, as is explained below:

Lincoln agrees that the 1996 Act requires incumbent LECs to permit all "customers within a defined local calling area to dial the same number of digits to make a local telephone call"^{4/} regardless of provider. However, Lincoln does not feel that the 1996 Act necessarily extends 1+ equal access to IntraLATA toll calling. Rather, Lincoln believes Congress intended to ensure that a customer who chooses a local service provider other than his/her incumbent LEC will not be saddled with additional access code requirements in order to place local or toll calls. Congress has not required that *all* customers have equal access to a selection of IntraLATA toll providers, only local service providers. In fact, Congress only addressed IntraLATA toll calling, in Section 271(e)(2) of the 1996 Act, as it relates to the conditions under which the RBOCs may enter the InterLATA toll business. Lincoln finds nothing in the 1996 Act which mandates that it *cease* to be the sole 1+ provider for IntraLATA toll calling. Rather, the 1996 Act

^{3/} Notice at 71, ¶ 206.

^{4/} Notice at 73, ¶ 211.

requires only that Lincoln not *abuse* that position by imposing punitive toll call access codes on customers who choose a different local service provider.

The explanation above establishes Lincoln's interpretation of the dialing parity provisions of the 1996 Act. Under this interpretation Lincoln would need to make no changes from its current IntraLATA dialing procedures. While that is Lincoln's preferred policy choice at this time, Lincoln feels the need to comment further on which policies Lincoln would prefer to see enacted *if and when* 1+ equal access IntraLATA toll calling is implemented. There are several policy considerations which Lincoln feels must be weighed in order to make 1+ equal access IntraLATA toll calling workable for the industry and beneficial to the customer, and we address those below.

Lincoln appreciates the opportunity to directly address the issue of consumer education. The Commission is commendably seeking comment on a proposal which assigns the responsibility of consumer education on *competitive telecommunications providers*. Lincoln strongly agrees that this is the most appropriate, economical, and sensible approach. Balloting is an inherently expensive, confusing, and clumsy process, especially when the burden of balloting is imposed on incumbent providers. The Minnesota 1+ IntraLATA Equal Access Project enacted earlier this year is an example of IntraLATA toll competition implemented through carrier-initiated selection, rather than balloting. Lincoln encourages the Commission to move in this direction as well.

Lincoln also feels that, as with local exchange service, IntraLATA toll calling is a service for which the benefits of competition must be balanced with the clear Congressional directive to preserve affordable universal service for all customers. As industry analysts correctly and consistently point out, LECs have historically used the universal service support mechanisms included in their IntraLATA toll business to provide subsidized access for high-cost customers. As was stated above, Lincoln feels that the best way to preserve this affordable service in high-cost areas is to allow Lincoln to continue its current IntraLATA dialing procedures. In the alternative, however, Lincoln has suggestions as to the manner in which a focus on affordable universal service can be employed within the creation of a competitive IntraLATA toll market atmosphere.

High-cost areas exist due to different demographic and sociological reasons, which vary widely by state and region. With respect to IntraLATA toll calling, Lincoln feels that state, rather than federal, policymakers will better understand the needs of high-cost customers in their area. They are, therefore, in a better position to formulate specific policies which balance the customer benefits of competition with the equally important principle of affordable universal service. Lincoln, therefore, encourages an active role for state policymakers on the subject of IntraLATA toll calling, much as these policymakers are likely to be assigned an active role on the issue of local exchange service. Lincoln draws this parallel with local exchange service because for

many of Lincoln's high-cost customers located in rural areas, affordable IntraLATA toll calling is of equal or even greater importance to them. For a customer located in a small, rural telephone exchange, contact with his/her medical provider, police or sheriff department, county or regional government, business suppliers and customers, bank, school, and even employer is likely to be through IntraLATA toll calling, rather than basic local service. The essential nature of these calls demands that they remain affordable for these customers, and certain considerations will be necessary in order for that to happen.

Lincoln feels that a competitive provider wishing to enter the business of IntraLATA toll calling must share some responsibility for serving the *entire LATA*, rather than simply selecting the lowest-cost customers from the most profitable exchanges without regard to that practice's effect on other customers. While Lincoln would prefer to see the specific details of any plans to preserve affordable IntraLATA toll service in high-cost areas left to the states, authorization and/or a general directive to do so would be an essential and beneficial component of the IntraLATA dialing parity rules. In short, Lincoln does not view IntraLATA toll calling as simply a shorter-distance version of InterLATA toll calling. While it shares the minutes-of-use toll characteristics of InterLATA toll calling, it often serves the same essential calling functions and community-of-interest calling characteristics for the customer that is associated with local exchange service. It therefore should fall under the same clear Congressional

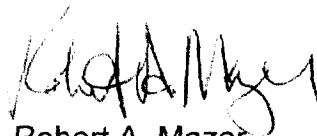
directive, which is to balance the customer benefits of competition with the essential preservation of affordable universal service. Again, Lincoln cites the Minnesota 1+ IntraLATA Equal Access Project as an example. In its order, the Minnesota PUC provides that any state-authorized carrier *must* provide IntraLATA toll service unless it shows just cause for not participating. It also *prohibits* carriers from limiting service to particular geographic areas unless technical barriers exist. Lincoln feels that such requirements reflect a commitment to affordable universal service, which should be a top priority for both state and federal regulators as dialing parity rules are formulated.

Finally, Lincoln feels that a reasonable and realistic deadline for implementation of IntraLATA toll competition is essential, because complex issues such as billing, technical reconfiguration, and switch upgrades must be carefully addressed. The February 1999 target date for IntraLATA toll competition in areas served by RBOCs should also be the earliest possible date imposed on other incumbent LECs. We realize that the onset of interexchange relief for one or more of the RBOCs may bring IntraLATA toll competition to their particular areas sooner than 1999. However, Section 271(e)(2) of the 1996 Act is the result of a political compromise tailored for the unique position of the RBOCs. While Lincoln sees little problem with this section as written.

Lincoln feels that it would be a mistake to apply it to other incumbent LECs or to use it as justification for implementation of IntraLATA toll competition prior to 1999.

Respectfully submitted,

**THE LINCOLN TELEPHONE AND
TELEGRAPH COMPANY**

A handwritten signature in black ink, appearing to read "Robert A. Mazer", is written over the company name.

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